

## Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 RSC-01 /038 R

DRAFTED BY EB/OT/TA:HBREWSTER:CLJ

APPROVED BY EB/ITP:JCRENNER

EB/OT/TA:JWHOLMES

EUR/RPE:AALBRECHT

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P 142231Z MAR 74

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

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STADIS//////////

E.O. 11652: N/A

TAGS: ETRD, EC, US, GATT

SUBJECT: ARTICLE XXIV:6 NEGOTIATIONS

FOR MALMGREN FROM RENNER

1. HERE IS A THOUGHT THAT PROBABLY HAS CROSSED YOUR MIND  
ALREADY. HOWEVER, IT MAY NOT HAVE AND MAY BE OF USE TO  
YOU.

2. IN FINAL STAGES OF ARTICLE XXIV:6 NEGOTIATIONS YOU  
MIGHT BE ABLE TO NARROW GAP BETWEEN COMMUNITY OFFERS AND  
OUR OUTSTANDING CLAIMS FOR COMPENSATION BY AGREEING TO  
GIVE COMMUNITY A SMALL OFFSETTING CREDIT IN SETTLEMENT OF  
ISSUE OVER OUR INCREASED DUTIES ON WOOL BLENDS FABRICS.

3. LEGISLATION IN 1968 RESULTED IN INCREASED U.S. DUTIES  
ON A NUMBER OF WOOL BLENDS FABRICS ON WHICH U.S. HAD MADE  
CONCESSIONS IN GATT. EC CLAIMED IMPAIRMENT OF CONCESSIONS,  
INVOKED ARTICLE XXIII:1 AND CLAIMED A RIGHT TO COMPENSA-  
TION. EC TRADE IN THESE ITEMS AT TIME LEGISLATION ENACTED  
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AMOUNTED TO 10-15 MILLION DOLLARS. COMMUNITY STILL

REGARDS THIS AN UNSETTLED ISSUE BUT HAS NOT RECENTLY  
PRESSED THE MATTER (PARTLY BECAUSE ITALIAN MANUFACTURERS  
HAVE DEVELOPED NEW FABRICS WHICH ENABLE THEM TO AVOID  
HIGHER DUTIES AND PARTLY PERHAPS TO USE AS OFFSET FOR U.S.  
ARTICLE XXIII COMPLAINTS AGAINST COMMUNITY.)

4. U.S. HAS NOT ADMITTED THAT RENEGOTIATIONS OR COMPENSA-  
TION ARE CALLED FOR BY THIS LEGISLATION WHICH WAS INTENDED  
TO CLOSE A "LOOP-HOLE". THERE IS NO INTER-AGENCY AGREE-  
MENT ON NEED FOR COMPENSATION. STATE DEPARTMENT HAS IN  
PAST RECOMMENDED WE RENEGOTIATE TO LEGALIZE THIS CHANGE IN  
LANGUAGE OF WOOL BLENDS CONCESSIONS AND TRY TO SATISFY  
CLAIMS WITH LIMITED COMPENSATION. SETTLEMENT OF THIS ISSUE  
WITH COMMUNITY WOULD HELP TO CLEAR THE WAY FOR CIRCULATION  
TO THE GATT OF CONSOLIDATED U.S. SCHEDULE OF CONCESSIONS  
WHICH PROBABLY IS DESIRABLE BEFORE THE MTN GETS UNDER WAY,  
AS WELL AS POSSIBLY EASING THE WAY TO A XXIV:6 SETTLEMENT.  
IF BROUGHT BACK AS PART OF A LARGER PACKAGE, INTERAGENCY  
AGREEMENT COULD PROBABLY BE GAINED FOR THIS GRANT OF  
CREDIT. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CUSTOMS DUTIES, TRADE LAW, TARIFF NEGOTIATIONS, FABRICS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 MAR 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**TAGS:** ETRD, US, EEC, GATT  
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**Type:** TE  
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